

REMARKS

Reconsideration of the application, in light of the amendments and arguments herein is respectfully requested.

I Status of the Claims

Claims 34-36 have been amended and the amendments do not add new matter.

Claims 49-54 have been cancelled without prejudice or disclaimer of the subject matter therein.

Claims 3, 6-13, 16, 18-20 and 22 have been previously cancelled.

Claims 1, 2, 4, 5, 14, 15, 17, and 21, 23-48 and 55-57 are pending and at issue.

II Rejections under 35 U.S.C. § 102

Claims 1, 2, 4, 5, 14, 15, 17, 21-48, and 55-57 are rejected under 35 U.S.C. § 102(e) as anticipated by U.S. Patent No. 5,959,876 to Ginter et al. (“Ginter”). Applicants respectfully traverse the rejection.

In response to the Examiner’s suggestion that the Applicants fully consider the reference in its entirety, Applicants respectfully submit that Ginter has been reviewed extensively and in its entirety. Applicants respectfully respond to the Examiner’s comments by reminding the Examiner that “for examination under 35 U.S.C. 102, the reference must teach every aspect of the claimed invention either explicitly or impliedly.” MPEP § 706.02 (IV) (emphasis added).

Applicants continue to submit that Ginter does not teach every aspect of the claimed invention. Ginter, as a whole, does not teach the settlement of a contract between two parties in the

present by looking at an existing contract, between different parties. For example, the passage cited by the Examiner to refute Applicants' argument that the Ginter is silent on this matter is Ginter, column 251, line 60 to column 252, line 64. However, that passage is directed to using metering to allow the distributors and financial clearing houses to be audited. Auditing reviews reports after a transaction has taken place. One of ordinary skill in the art is aware that an audit cannot be performed before a transaction. Thus, Ginter does not teach validation of the offer between the retailer and the user before the transaction so as to allow the transaction to take place. Applicants admit that there may be agreements between a creator, distributor, and clearinghouse but compliance with those agreements is reviewed after a transaction has taken place. There is no teaching or motivation in Ginter that electronic versions of the agreements are used to validate transaction between the user and retailer.

Addressing the Examiner second comment that the claims do not recite the element of the previous agreement being dynamically updated, Applicants respectfully direct the Examiner to claims 29, 30, 33, and 35 that specifically claim that the electronic contract, or portions thereof, are dynamically updated. The Examiner rejects claims 29, 30, 33, and 35 by reference to the disclosure of Ginter, Figure 2. Applicants respectfully submit that Ginter, Figure 2 does not disclose dynamic updating of electronic contracts.

Figure 2 illustrates electronic highway 108 over which the content travels between parties and reports and payments network 118. Network 118 passes bills and financial reports and/or payments. Neither highway 108 nor network 118 illustrate or suggest dynamic updates of e-contracts. *See*, Ginter, column 53, line 20 to column 54, line 21. Arrows 104, 110, 120, and 122 show the flow of data between the parties, but in no way presume that the data is accessed and

updated dynamically. Specifically, arrows 104, 110 illustrate the passage of "rules and controls" but there is no disclosure that rules and controls between the content creator and the distributor are accessed and used to validate the transaction between the distributor and the user. On the contrary, Ginter describes Figure 2 as follows:

Arrow 104 shows the content creator 102 sending the "rules and controls" associated with the content to a VDE rights distributor 106 ("distributor") over an electronic highway 108 (or by some other path such as an optical disk sent by a delivery service such as U. S. mail). The content can be distributed over the same or different path used to send the "rules and controls." The distributor 106 generates her own "rules and controls" that relate to usage of the content. The usage-related "rules and controls" may, for example, specify what a user can and can't do with the content and how much it costs to use the content. These usage-related "rules and controls" must be consistent with the "rules and controls" specified by content creator 102. Arrow 110 shows the distributor 106 distributing rights to use the content by sending the content's "rules and controls" to a content user 112 such as a consumer. The content user 112 uses the content in accordance with the usage-related "rules and controls."

Thus, Ginter describes that the creator sends rules to the distributor and the distributor sends rules to the user. Ginter is silent on using the rules between the creator and the distributor to validate the offer made by the distributor to the user.

Ginter may arguably suggest one or more ways to create an e-contract, but does not show the claimed method and system for validating a later offer, by a different party, against an earlier contract. In contrast, claim 1 provides for a predetermined contract between a distributor and a retailer previously agreed upon. The candidate retail offer is presented to and exercised by the consumer. The candidate retail offer is then validated against the previously agreed upon contract between the distributor and retailer.

Specifically, the claims provide an electronic contract previously negotiated and settled between a distributor and a retailer. The contract refers to the terms under which the retailer can distribute content. This is the electronic contract claimed in claim 1 and the remainder of the

independent claims. A candidate retail offer is presented to a consumer and the candidate retail offer is related to the content. The candidate retail offer can be created by the retailer or created by others for the retailer to offer to the consumer. The consumer selects a candidate retail offer and the offer is validated against the electronic contract.

The validation of the candidate retail offer involves “*accessing the electronic contract and determining if the candidate retail offer is consistent with the electronic contract*”. Thus, the electronic contract is formed in advance of receiving a candidate retail offer and the candidate retail offer is thereafter validated against the electronic contract when a consumer is ready to make a purchase. In this way, the most up to date electronic contract is used and a consumer’s purchases are only completed if validated. Ginter does not disclose or suggest previous agreements being updated and accessed dynamically for validation, so that an offer to a consumer (a third party) can be authorized and processed.

Further, the present invention centers on content and transactions concerning the content based on previously negotiated and agreed upon contractual terms. In contrast, Ginter centers on negotiations between parties to *form* a contract. For example, Ginter may suggest one or more ways to create an e-contract, but does not show the claimed method and system for validating a later offer, by a different party, against an earlier contract. Significantly, Ginter also does not address the problem that the earlier contract may change after it is first formed and before a candidate retail offer is made to a consumer.

Thus, the claimed validation step provides that if the terms of the offer do not match the electronic contract, the candidate retail offer is not validated. The electronic contract and the candidate retail offer do not “haggle” or negotiate to form a new contract, as taught by Ginter.

Ginter dedicates over 9 columns to discussing the negotiation of contracts and discloses:

Negotiation and Electronic Contracts... Electronic agreements, like traditional agreements, may be negotiated between their parties... Negotiation is defined in the dictionary as "the act of bringing together by mutual agreement." The preferred embodiment provides electronic negotiation processes by which one or more rights and associated controls can be established through electronic automated negotiation of terms. ... A more complex form of a negotiation is analogous to "haggling." In this scenario, most of the terms and conditions are fixed, but one or more terms (e.g., price or payment terms) are not. For these terms, there are options, limits, and elements that may be negotiated over.

See, Ginter, column 241, line 55 to column 250, line 67.

In contrast, Applicants claim that either the candidate retail offer matches the terms of the electronic contract or it is not validated. Once validated, the content is provided to the consumer, the consumer pays, and the compensation is distributed to the parties per the electronic contract. Thus, in the claims, there are three parties involved in a transaction, the distributor, the retailer and the consumer. The distributor and retailer negotiate and form an electronic contract for the distribution of content. The consumer, who is not a party to the electronic contract, is still subject to its terms because the terms of the electronic contract govern the validation of the offer the consumer is requesting. For example, the Specification discloses that:

An electronic contract represents an agreement between two or more entities, typically the retailer and distributor of some media. ... A "distributor-retailer distribution contract" sets forth the terms and conditions under which the retailer may distribute media to consumers. ... The e-contracts and business rules related to distribution are accessed and applied when the system validates an offer.

Specification, page 3, lines 5-9 and page 13, lines 20-21.

The claimed method of validating an offer against a contract is in contrast to a negotiation of distribution terms among any two or all three of the parties. Ginter differs and is concerned with forming an electronic contract between two parties by negotiating terms between them, using

software (i.e. agents), until an agreement is reached or negotiations fail. Ginter discloses the negotiation of a contract electronically. Ginter discloses two parties to the contract and each party sets out their terms and preferences for the contract as a control set. The two control sets are in the nature of bids, and are compared electronically against each other to find mutually acceptable terms. Ginter defines the electronic comparison of terms as his "negotiation." The expression of the accepted terms becomes a new control set and is incorporated into an electronic contract between the parties. *See*, Ginter, column 241, line 55 to column 254, line 34.

Claim 1 of Ginter, cited by the Examiner, supports this interpretation:

[a] method for negotiating electronic contracts, comprising: receiving a first control set from a remote site; providing a second control set; performing, within a protected processing environment, an electronic negotiation between said first control set and said second control set, including providing interaction between said first and second control sets; and producing a negotiated control set resulting from said interaction between said first and second control sets.

Ginter's first and second control sets are not electronic contracts. Both control sets are, at best, offers to sell or bids for purchase. Ginter states that:

[o]ne control set may describe a fixed ("higher") price for using the content. Another control set may describe a fixed ("lower") price for using the content with additional control information and field specifications requiring collection and return the user's personal information. ... To perform the negotiation, one party may propose a control set containing specific fields, control information, and limits as specified by a PERC [Permissions Record]; the other party may pick and accept from the control sets proposed, reject them, or propose alternate control sets that might be used. The negotiation process may use the permitted, required, and optional designations in the PERC to determine an acceptable range of parameters for the final rule set. Once an agreement is reached, the negotiation process may create a new PERC and/or URT [User Rights Table] that describes the result of the negotiation. The resulting PERCs and/or URTs may be "signed" (e.g., using digital signatures) by all of the negotiation processes involved in the negotiation to prevent repudiation of the agreement at a later date.

Ginter, column 243, line 25 to column 244, line 5. Thus, Ginter's control sets are defined, exchanged, modified and negotiated until there is an acceptable agreement between the parties. There must be an agreement about what the control set includes (the specific fields) as well as the content or terms that will constitute a match. Only when all of the terms are accepted is an electronic contract formed, which Ginter discloses as a new control set that is "signed" by the parties. The definition of the term "negotiation" as defined by Ginter, "the act of bringing together by mutual agreement" (Ginter, column 242, lines 5-6) would lead one of ordinary skill in the art to realize that a contract has not yet been formed, since one does not "bring together" parties after a contract is agreed upon.

Ginter falls short of the claimed method, which begins where Ginter ends. The claimed invention allows parties outside the distributor/retailer relationship to purchase content in accordance with the contract previously negotiated and agreed upon between the distributor and the retailer. The electronic contract is not accessed until the time of the user's request, so the most current contract is used.

Furthermore, even if Ginter suggests to one of ordinary skill in the art that three parties can negotiate a contract using Ginter's method (which Applicants submit that it does not), Ginter still falls short of the claimed invention. Using Ginter's method, the distributor, the retailer and the consumer would all send control sets to negotiate a single contract, with the consumer's control set having input into the relationship between the distributor and the retailer. All the parties would negotiate contemporaneously until an agreement is reached. There would be no need for an offer validation step because no electronic contract would be formed prior to the consumer's negotiations. Alternately, if the Examiner assumes that the distributor and retailer use Ginter's method for one

contract and the retailer and the consumer use the method for another, this still falls short of the presently claimed invention. Ginter's method only negotiates with the control sets at hand, and Ginter does not teach or suggest that control sets should come from a previous contract negotiated with a different set of control sets between different parties.

Ginter does not anticipate all the elements of claims 1, 17, 23-27, 40, 42, 46 and 55 and claims 2, 4, 5, 14, 15, 21, 28-39, 41, 43-45, 47-48, and 56-57 depend from the independent claims and are allowable at least based on this dependency. Applicants respectfully request that the present rejection be withdrawn.

CONCLUSION

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to pass this application to issue.

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Respectfully submitted,

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